

November 30, 2018

Honorable Dr. Armando O'Caña
Mayor
City of Mission
1201 E. 8th Street
Mission, Texas 78572

Dear Mayor O'Caña:

Thank you for your recent submission of the City of Mission (City) FY2017 Annual Financial Report (AFR). Staff has reviewed the AFR and additional information provided by the City to evaluate compliance related to existing obligations of the City with the Texas Water Development Board (TWDB). The original obligations to the TWDB are listed below:

- \$ 285,000 Loan Agreement Economically Distressed Areas Program L1000250
- \$ 284,000 Grant Agreement Economically Distressed Areas Program G1000251
- \$ 8,285,000 Waterworks & Sewer System Junior Lien Revenue Bonds, Taxable Series 2009
- \$16,140,000 Waterworks & Sewer System Junior Lien Revenue Bonds, Series 2015

The AFR for FY2017 (page 68) reports transfers from the Utility Fund to other non-Utility Funds in the amount of \$4,700,000. As a result of the review and because the City has used EDAP funds to construct all or part of your wastewater system, staff has concluded that the City is noncompliant with Section 16.356 of the Texas Water Code (TWC), as specified in Section 5.07 of the EDAP Grant Agreement.

Therefore, based on the determination of noncompliance described above and failure to abide by TWDB rules and regulations as outlined in TWDB Resolution No 13-156, the City's pending EDAP application of \$5,104,000, cannot be considered for funding from the Board.

Please submit a proposed detailed plan with an implementation timeline and responsible party under which the City would attain current compliance with the above-mentioned statutory requirement. Until the City can demonstrate compliance with the statutory provisions of TWC Section 16.356, we cannot consider the City for funding under any of our financing programs.

Our Mission

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas

Board Members

Peter M. Lake, Chairman | Kathleen Jackson, Board Member | Brooke T. Paup, Board Member

Jeff Walker, Executive Administrator

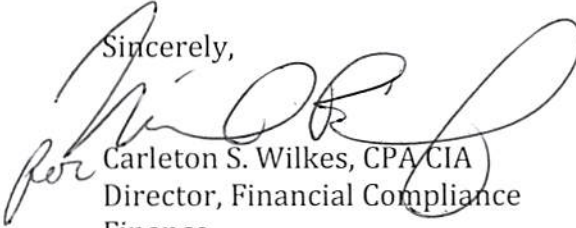
Hon. Dr. Armando O'Caña, Mayor

November 30, 2018

Page 2

We look forward to resolving this matter as quickly as possible and appreciate your continued assistance. Please feel free to contact Mireya Loewe, Manager of the South Team, at mireya.loewe@twdb.texas.gov or (512) 475-0590 or me at carleton.wilkes@twdb.texas.gov or (512) 463-4189 with any questions that you may have.

Sincerely,



Carleton S. Wilkes, CPA/CIA
Director, Financial Compliance
Finance



Jessica Peña Zuba
Deputy Executive Administrator
Water Supply and Infrastructure

cc: Martin Garza, Jr., City Manager
Angie Vela, Finance Director
File